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City of Detroit

CITY COUNCIL

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TO: The Honorable City Council

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: May 19, 2014

RE: **REVIEW OF CONTRACTS AND PURCHASING FILES**

Attached is the list of contracts and purchase orders recommended by the Finance Department, Purchasing Division. The items are submitted to the City Council for referral to the Committees on May 19, 2014.

The comments and review of the Legislative Policy Division staff are printed in bold following the contracts.

Attachments

cc:	Janice Winfrey	City Clerk
	Mark Lockridge	Auditor General
	Palencia Mobley	Mayor's Liaison
	Boysie Jackson	Purchasing Division
	Irvin Corley	Legislative Policy Division
	Marcell Todd	Legislative Policy Division

Statistics compiled for the list of Contracts and Purchases submitted for referral on May 19, 2014.

Department	No. of Contracts or Purchase Orders	Detroit-Based Business Bids	Change, Extension Increases, Renewals	Located in Detroit
Public Works 1 Revenue Contract (grant funds)	2	0	1 Renewal	0
Transportation 1 Revenue contract extended	3	0	2 Extensions	1
Totals 2 Revenue Agreements	5	0 Detroit-Based Business Bids	2 Extensions 1 Renewal	1

This list represents expenditures totaling \$ 169,891.00¹
and Revenue estimated at \$3,850,343.72

Included in the total costs and revenue are the following:

City General Fund	\$	0.00
Transportation Grant Funds	\$	169,891.00
Street Funds – Grant Revenue	\$	3,431,300.00
Transportation Funds - Revenue	\$	419,043.72

¹ This list includes: Contracts renewed / extended for 1 year, New contract for 1 time purchase; Revenue contracts extended for 1 year, and a 4-year contract for the receipt of grant funds.

TO: The HONORABLE CITY COUNCIL

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: May 19, 2014

RE: **CONTRACTS AND PURCHASE ORDERS SCHEDULED TO BE CONSIDERED AT
THE FORMAL SESSION OF MAY 20, 2014**

PUBLIC WORKS

2851840 100% Other (Street) Funding – To Provide Stainless Steel Strapping (Parts) for Traffic Roadway Signs – Contractor: MD Solutions, Inc., Location: 8225 Estates Pkwy., Plain City, OH 43064 – Contract Period: October 1, 2014 through September 30, 2015 – Contract Amount: \$234,000.00

This is a Contract Renewal

Costs budgeted to Major Street Fund, Acct. 3301-193826-621907-06424-0, Appropriation for Operations includes available funding of \$28,489,103 as of May 16, 2014.

This request is for the first renewal of this contract for 1 year, with a reduction in unit prices of about 3%, resulting in an estimated reduction of \$2,333.78 in costs for 1 year.

There is no additional funding requested with this 1-year renewal.

The contract was approved November 1, 2011 for a term of 3 years, through September 30, 2014, for a cost of \$234,000. The contract provided for the purchase of 6 items, including strapping, sign bracket, wing bracket, banding tool, items used to attach traffic signs to sign posts.

Contract checklist, dated April 14, 2014, indicates the renewal of this contract is essential for purchase of parts necessary for installing and maintaining street and traffic signs.

Covenant of Equal Opportunity Affidavit signed 5-18-11; TAXES: Good Through 3-3-15 and 12-30-14; Hiring Policy Compliance Affidavit signed 9-17-13 – Employment application submitted complies; Slavery Era Records Disclosure Affidavit signed 5-18-11, indicating business established 2001, no records to disclose.

City Council recently received and referred to the Public Health and Safety Committee the 1-year renewal of Contract 2836617, with Hercules & Hercules, for a cost of \$199,284, for the purchase of 19 different types of sign blanks, also used for traffic signs.

Public Works Department - continued

2892567 100% State Funding – To Receive Funds for the Acquisition of 91.08 Acres of Land for a Trail Connection for the Inner Circle Greenway – Contractor: State of Michigan Department of Natural Resources, Location: P.O. Box 30425, Lansing, MI 48989-7925 – Contract Period: April 30, 2013 through April 30, 2017 – Contract Amount: \$0.00

This is a Revenue Contract

Revenue received to Major Street Fund, Acct. 3301-193353-0-432120-13817-0-0, Appropriation is not included in the list of Budget Appropriations.

This contract is for the receipt of a grant authorized by the Michigan Natural Resources Trust Fund for the “Inner Circle Greenway” project. The grant was approved by the State Legislature, Public Act 114 of 2014. The project, acquisition of the property, is required to be completed by April 30, 2016.

The property to be acquired is owned by Conrail and appears to include the rail line from Joseph Campau, north of Davison Freeway to west of Lonyo north of I-94. This will connect existing trails, or trails to be constructed, including Detroit Riverwalk, Dequindre Cut, Hamtramck Trail, Claytown Greenway and Southwest Detroit Greenway.

The total cost of the acquisition project is estimated at \$4,592,100; the appraised value of the property owned by Conrail, according to Public Works is \$4,575,000. Purchase price includes assessed value of land, cost of recording, title insurance, and environmental assessments.

100% of the cost for acquisition will be from State Grants. This proposed contract with the State Department of Natural Resources is for 75% of the cost or \$3,431,300. The requirement for the 25% local match, or \$1,160,800 will be provided from a Transportation Alternative Program grant, federal funds to be received through an agreement with Michigan Dept. of Transportation. *There will be a second contract for funding to acquire the property for the Inner Circle Greenway Project, with Mich. Dept. of Transportation, to provide matching funds of \$1,160,800.*

Contract checklist, dated April 30, 2014, indicates this contract is essential to receive the grant funds awarded for this project.

Clearances and Affidavits are not required for a contract with another Government Agency.

City Council authorized a contract (March 26, 2013, Amended in July 2013) to receive a total of \$17,099,160 in grant funding from the US Dept. of Transportation to include construction for: the 1.2 mile bike trail connecting Midtown area to Eastern Market and the Dequindre Cut; extension of the Dequindre Cut to Mack; Extending the bike trail 2 miles from the Dequindre Cut 2 to Hamtramck; and replacing bridges that cross the Dequindre Cut.

TRANSPORTATION

2613600 100% Revenue Funding – To Secure Advertisements for the DDOT Coaches – Contractor: CBS Outdoors, Location: 88 Custer Street, Detroit, MI 48202-2977 – Contract Period: September 9, 2003 through September 17, 2014 – Contract Amount: \$419,043.72

This Amendment is for Extension of Time and to Decrease the Monthly Guarantee Amount DDOT will Receive of \$419,043.72 or \$34,920.31 per month.

Revenue deposited to Transportation Operation Fund, Acct. 5301-200300-0-463100-00151-0-0, Appropriation for Transportation includes available funding of \$11,343,206 as of May 16, 2014.

This request is for a 1-year extension of the contract, through September 17, 2014, and a decrease in the minimum guaranteed revenue to the City to a minimum guarantee of \$34,920.31 per month, for a total of \$419,043.72 to be received in Revenue during the 1-year extension from Sept. 2013 through Sept. 17, 2014.

This contract was initially approved in September 2003 with Viacom Outdoor Group authorizing the contractor to sell advertising for display on or in the City buses. The contract was approved for a term of 10 years, through September 2013, for an estimated \$6,821,010 in revenue to be received over the 10-year period. The contract provided for a minimum annual guaranteed revenue to the City beginning with \$595,000 the first year of the contract, increasing 3% each year, to an estimated revenue of \$776,340 in the 10th year of the contract. This revenue appears to be based on a Bus Fleet of 492.

If the Contractor can demonstrate to the City that the minimum monthly payments toward the annual guaranteed amount exceeds 65% of the Gross Billings, the annual guaranteed amount for the succeeding period shall be adjusted to 65% of the Gross Billings recorded.

The contractor also provided, upon request from the City, trade-in-kind Media advertising services valued at \$100,000 per year for years 1 through 5, and services valued at \$125,000 per year, for years 6 through 10.

The contract was assigned, effective May 1, 2011, to CBS Outdoor, Inc. and approved by the City Council Sept. 27, 2011. No other terms of the contract were changed at that time.

The department indicates the proposed 32.2% decrease in the minimum guaranteed revenue, is based on the 32.2% decrease in the number of buses operating from 420 to 278.

Contract Discussion continues on following page

Transportation Department *continued*

2613600 100% Revenue Funding – To Secure Advertisements for the DDOT Coaches – Contractor: CBS Outdoors, Location: 88 Custer Street, Detroit, MI 48202-2977 – Contract Period: September 9, 2003 through September 17, 2014 – Contract Amount: \$419,043.72

This Amendment is for Extension of Time and to Decrease the Monthly Guarantee Amount DDOT will Receive of \$419,043.72 or \$34,920.31 per month.

Contract Discussion continues

The decrease is based on the monthly revenue of \$51,504.88 per month (\$618,058.56 per year), which is slightly more than the estimated revenue to be received in the 2nd Year of the contract, rather than the 10th year of the contract which was estimated to be \$776,340 for the year (\$64,695 per month). It appears the minimum guaranteed revenue to be received from advertising on the buses has been significantly reduced over the past years, to reflect a previous reduction (14.63%) in the number of coaches and adjustments to 65% of Gross Billings.

The contract does provide, in the Compensation Schedule, “In any month when the total number of the City’s active bus fleet decreases by ten (10) percent or more of the number stated in [Exhibit A of the contract], the monthly minimum guarantee and annual gross billings bonus payment will both decrease in proportion to the percentage of the actual amount of the decrease in the bus fleet.”

The City has sole discretion to determine if the subject matter of advertising meets specified standards. Advertising cannot be false, misleading, deceptive and/or offensive to the moral standards of the community; Political advertising must indicate it is political and who is sponsoring the advertisement. The City reserves 20% of the advertising space for information and promotional purposes. No more than 20% of the total active fleet can be designated as part of a painted or wrapped bus advertisement.

City Council may wish to inquire how much revenue has been received through this contract for the initial 10 year term of the contract.

Contract checklist, dated Nov. 8, 2013, indicates this contract extension is essential for the revenue that is generated which is used to fund Marketing and Community Outreach programs.

Covenant of Equal Opportunity Affidavit signed 2-21-14; TAXES: Good Through 8-23-14 and 7-31-14; Hiring Policy Compliance Affidavit signed 2-21-14 – Employment application submitted complies; Slavery Era Records Disclosure Affidavit signed 2-21-14, indicating business established 1993, no records to disclose.

Transportation Department - *continued*

2839577 100% City Funding – To Provide Translation Services – Contractor: Interpreters Unlimited, Location: 11199 Sorrento Valley Road #203, San Diego, CA 92121 – Contract Period: February 15, 2014 through February 14, 2015 – Contract Amount: \$27,738.57

This Contract is for Extension of Time, no Additional Funds Requested

Costs budgeted to Transportation Operation Fund, Acct. 5301-200170-000054-626700-00146-0-A3550, Appropriation for Department Operations includes available funding of \$11,334,051 as of May 16, 2014.

This request is for the extension of this contract, 1 year through February 14, 2015, No additional funding is requested with the extension.

The contract was approved March 29, 2011 for a term of 3 years, indicated to be through March 31, 2014, for a cost of \$27,738.57 for the 3 years. The contract also includes options to renew for 3 additional years.

Contract services to include providing telephone-based language interpretation services, Monday through Friday, from 6:00 am to 6:00 pm; and a pre-recorded foreign language customer service line. Services are accessed through a toll-free 800 number, using a conference style format. Charges for the services are based on the actual time the call-in customer spends on the phone with the interpreter.

The contract was bid and approved for rates of \$.93 per minute for Spanish, \$1.30 per minute for all other languages.

The rates remain unchanged for the 1-year extension period.

Contract checklist, dated April 14, 2014, indicates this contract is extension is essential to comply with ADA (Americans with Disabilities Act) requirements to offer language translation services to customers that do not use English.

Covenant of Equal Opportunity Affidavit signed 4-11-14; TAXES: Good Through 4-15-15 and 12-30-14; Hiring Policy Compliance Affidavit signed 4-11-14 – Employment application submitted complies; Slavery Era Records Disclosure Affidavit signed 4-11-14, indicating business established 1970, no records to disclose.

Transportation Department - *continued*

2893077 20% State, 80% Federal Funding – To Purchase Seven (7) Vehicles for use by Maintenance Staff – Contractor: Galeana's Van Dyke Dodge, Location: 28400 Van Dyke, Warren, MI 48093 – Contract Amount: \$169,891.00

This Contract is for a One Time Purchase

Costs budgeted to Transportation Grants Fund, Acct. 5303-208409-000058-644600-10330-0-DOT51, Appropriation for Capital Grants, Federal / State includes available funding of \$130,424.34 as of May 16, 2014.

4 Bids solicited, 2 bid received for the purchase of 7 pick-up trucks, 4 with extended cabs.

This recommendation is for the Low Bid received from Galeana's Van Dyke Dodge for a cost of \$23,157 each for 3 Ram 1500 Tradesman pickup trucks with 4 x 4 drive; and \$25,105 each for 4 Ram 1500 Tradesman pickup trucks with Extended Cabs and 4 x 4 drive.

Vehicles include a 36-month guarantee; Product cut-off date for this model year indicated to be April 18, 2014. The purchase of 7 vehicles is to replace older vehicles.

Second bid received Jefferson Chevrolet for \$224,906.

Contract checklist, dated April 17, 2014, indicates this purchase is essential to replace current vehicles, that are older and more costly to maintain, that are used by Maintenance staff to check on terminals and garages to provide regular and routine maintenance and repairs.

Covenant of Equal Opportunity Affidavit signed 3-24-14; TAXES: Good Through 4-16-15 and 12-30-14; Hiring Policy Compliance Affidavit signed 2-18-14 – Employment application submitted complies; Slavery Era Records Disclosure Affidavit signed 3-24-14, indicating no records to disclose.

City Council received and approved a recent purchase order (No. 2853062) on January 22, 2013, for the purchase of 15 full-size SUV trucks with Galeana's Van Dyke Dodge for a total of \$564,420 (15 trucks at \$37,934.66 each) to replace existing vehicles.